

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK**

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

THE DIOCESE OF BUFFALO, N.Y.,

Case No. 20-10322 CLB
Chapter 11 Case

Debtor.

**APPELLANT THE DIOCESE OF BUFFALO, N.Y.'S
DESIGNATION OF THE RECORD ON APPEAL
AND STATEMENT OF ISSUES ON APPEAL**

Appellant The Diocese of Buffalo, N.Y. (“Appellant” or “Diocese”), pursuant to Bankruptcy Rule 8009, hereby (i) designates the following items to be included in the record on appeal from the Bankruptcy Court’s *Decision and Order* (the “Decision and Order,” Dkt. No. 3929) entered on June 6, 2025, (ii) submits its statements of issues to be presented on appeal from the Decision and Order and (iii) certifies that it is not ordering transcripts of hearings as transcripts of relevant hearings have been docketed in this case.

DESIGNATION OF RECORD ON APPEAL

Docket Entries from the Bankruptcy Case, No. 20-10322 CLB			
Designation No.	Filing Date	Docket No.	Title
1	2/28/2020	7	Affidavit of Charles Mendolera Regarding the Diocese’s Assets and Operations and in Support of the Chapter 11 Petition and First Day Pleadings
2	2/28/2020	8	Affidavit of Rev. Peter J. Karalus Regarding Structure and Pre-Filing History of the Diocese of Buffalo and in Support of the Chapter 11 Petition and First Day Pleadings
3	7/18/2024	3031	Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Certain Real Property at 711 Knox Road, East Aurora, New York; (B) Authorizing and Approving the

Docket Entries from the Bankruptcy Case, No. 20-10322 CLB			
Designation No.	Filing Date	Docket No.	Title
			Form of Purchase Agreement; (C) Scheduling an Auction and Hearing to Consider the Sale; and (D) Approving the Form and Manner of Service of Notice of Auction and Sale Hearing; (II) Approving the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interests; and (III) Granting Related Relief (Attachments: # 1 Exhibit A - Proposed Bidding Procedures Order)
4	7/26/2024	3042	Certificate of Service re: Notice. of Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Certain Real Property at 42 Grant Street, North Tonawanda, New York; (B) Authorizing and Approving the Form of Purchase Agreement; (C) Scheduling an Auction and Hearing to Consider the Sale; and (D) Approving the Form and Manner of Service of Notice of Auction and Sale Hearing; (II) Approving the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interests; and (III) Granting Related Relief (Docket No. 3029), Notice of Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Certain Real Property at 711 Knox Road, East Aurora, New York; (B) Authorizing and Approving the Form of Purchase Agreement; (C) Scheduling an Auction and Hearing to Consider the Sale; and (D) Approving the Form and Manner of Service of Notice of Auction and Sale Hearing; (II) Approving the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interest; and (III) Granting Related Relief (Docket No. 3031), Notice of Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Certain Real Property at 42 Grant Street, North Tonawanda,

Docket Entries from the Bankruptcy Case, No. 20-10322 CLB			
Designation No.	Filing Date	Docket No.	Title
			New York; (B) Authorizing and Approving the Form of Purchase Agreement; (C) Scheduling an Auction and Hearing to Consider the Sale; and (D) Approving the Form and Manner of Service of Notice of Auction and Sale Hearing; (II) Approving the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interests; and (III) Granting Related Relief (Docket No. 3029, Pages 1-3), and Notice of Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Certain Real Property at 711 Knox Road, East Aurora, New York; (B) Authorizing and Approving the Form of Purchase Agreement; (C) Scheduling an Auction and Hearing to Consider the Sale; and (D) Approving the Form and Manner of Service of Notice of Auction and Sale Hearing; (II) Approving the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interest; and (III) Granting Related Relief (Docket No. 3031, Pages 1-3)
5	8/19/2024	3090	Order Approving Bidding Procedures for the Sale of Certain Real Property at 711 Knox Road, East Aurora, New York; Authorizing and Approving the Form of Purchase Agreement; Scheduling an Auction and Hearing to Consider the Sale; and Approving the Form and Manner of Service of Notice of Auction and Sale Hearing
6	8/21/2024	3092	Transcript regarding Hearing Held 08/15/2024 RE: Motions for Sale of Property
7	11/20/2024	3340	Order Pursuant to Sections 105 and 363 of the Bankruptcy Code Approving the Sale of Certain Real Property at 711 Knox Road, East Aurora, Free and Clear of Liens, Claims, Obligations, Interests and Encumbrances;

Docket Entries from the Bankruptcy Case, No. 20-10322 CLB			
Designation No.	Filing Date	Docket No.	Title
			Authorizing The Diocese to Consummate the Transactions Related Thereto; and Granting Related Relief
8	11/25/2024	3360	Transcript regarding Hearing held on 9/24/2024
9	1/13/2025	3501	Decision and Order
10	3/18/2025	3743	Motion for Entry of an Order Authorizing, But Not Directing, The Diocese to Access the Proceeds of the Seminary Property Sale Pursuant to Sections 105(A), 541, And 363(B) of the Bankruptcy Code (Attachments: # 1 Exhibit A - Proposed Order)
11	3/18/2025	3744	Declaration of Richard C. Suchan in Support of the Motion for Entry of an Order Authorizing, But Not Directing, the Diocese to Access the Proceeds of the Seminary Property Sale Pursuant to Sections 105(a), 541 and 363(b) of the Bankruptcy Code (Attachments: # 1 Exhibit A - Archival Records # 2 Exhibit B - 12/13/68 Meeting Minutes # 3 Exhibit C - 5/29/70 Resolution # 4 Exhibit D - Reuter Deeds # 5 Exhibit E - 1968 Deeds # 6 Exhibit 1987 Deed # 7 Exhibit G - Upon This Rock Campaign Materials)
12	3/26/2025	3756	Letter requesting adjournment of Motion for authority to use Seminary sale proceeds to May 8, 2025 at 10:00 a.m. and the Claim Objections to June 4, 2025 at 10:00 a.m.
13	4/4/2025	3779	Certificate of Service re: Notice of Motion for Entry of an Order Authorizing, but Not Directing, the Diocese to Access the Proceeds of the Seminary Property Sale Pursuant to Sections 105(a), 541, and 363(b) of the Bankruptcy Code (Docket No. 3743) and Declaration of Richard C. Suchan in Support of the Motion for Entry of an Order Authorizing, but Not Directing, the Diocese to Access the Proceeds of the Seminary Property Sale

Docket Entries from the Bankruptcy Case, No. 20-10322 CLB			
Designation No.	Filing Date	Docket No.	Title
			Pursuant to Sections 105(a), 541, and 363(b) of the Bankruptcy Code
14	4/9/2025	3795	Joinder to the Diocese's Motion for Entry of an Order Authorizing, But Not Directing, the Diocese to Access the Proceeds of the Seminary Property Sale Pursuant to Sections 105(a), 541, and 363(b) of the Bankruptcy Code filed on behalf of The Official Committee of Unsecured Creditors
15	5/15/25	3863	Transcript regarding Hearing Held on 05/08/2025
16	6/6/2025	3929	Decision and Order
17	6/18/2025	3947	Diocese's Notice of Appeal
18	6/18/2025	3949	Committee's Notice of Appeal

STATEMENT OF ISSUES ON APPEAL

Appellant, pursuant to Bankruptcy Rule 8009, hereby submits its statement of issues to be presented on appeal from the Decision and Order.

1. Did the Bankruptcy Court err by determining that certain of the proceeds of the sale of the Diocese's Seminary Property are restricted assets of the Diocese's bankruptcy estate where: (i) the donated property and monies were used to construct a seminary consistent with the gift instruments, which was then operated as such for approximately 60 years; (ii) there was no proof of a clear expression of intent in the gift instruments that the Seminary Property would be operated in perpetuity as a seminary; (iii) the Seminary Property was conveyed to the Diocese without restriction; and (iv) the seminary ceased operations in 2021?

2. Did the Bankruptcy Court err by relying on extra-record, hearsay statements reported in newspaper articles not presented by the parties, unsubstantiated by testimony, and without providing the Diocese an opportunity to respond to the Bankruptcy Court's factual findings?

3. Did the Bankruptcy Court err in determining that the Seminary Property is subject to

the restraints of 11 U.S.C. §541(c)(2) and that an implied trust on the sale proceeds traceable to the Seminary Fund Drive and Reuter donation exists and restricts said funds use by the Diocese?

4. Did the Bankruptcy Court err in its methods and conclusions in calculating the portions of the sale proceeds subject to such implied trust?

CERTIFICATION PURSUANT TO BANKRUPTCY RULE 8009(B)

Appellant respectfully certifies that it is not ordering any transcripts, because the relevant hearing transcripts have already been transcribed and docketed at Doc. Nos. 3092, 3360 and 3863.

RESERVATION OF RIGHTS

This designation of items for the Record on Appeal and designation of the statement of issues presented on appeal are without waiver of any arguments on appeal and Appellant expressly reserves the right to modify, restate, or supplement the designations above to the fullest extent permitted by the Bankruptcy Code and Rules.

Dated: July 2, 2025

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